

TRI-TOWNSHIP FIRE DEPARTMENT  
REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name TRI-TOWNSHIP FIRE DEPT.	County DELTA & MARQUETTE
Audit Date MARCH 31, 2005	Opinion Date OCTOBER 18, 2005	Date Accountant Report Submitted to State: OCTOBER 18, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 1217 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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October 18, 2005

INDEPENDENT AUDITOR'S REPORT

Tri-Township Fire Department  
Honorable Fire Department Board  
Delta and Marquette Counties, Michigan

I have audited the general purpose financial statements of the Tri-Township Fire Department as of and for the year ended March 31, 2005, as listed in the table of contents. These general purpose financial statements are the responsibility of the Fire Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.


As described in Note 2, the Tri-Township Fire Department prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements of the Fire Department's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

In my opinion, except for the omission of government-wide financial statements the financial statements referred to in the first

Tri-Township Fire Department  
October 18, 2005

paragraph present fairly, in all material respects, only the cash and unencumbered cash balances of each of the Fire Department's fund types at March 31, 2005, and revenues received and the expenditures paid to such fund types as discussed in the third paragraph, in conformity with accounting principles generally accepted in the United States of America.

  
Ray L. Payment  
Certified Public Accountant

TRI-TOWNSHIP FIRE DEPARTMENT  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2005

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	<u>Governmental</u> <u>Fund Type</u> <u>General</u>	<u>Account Groups</u> <u>General</u> <u>Fixed Assets</u>
Assets:		
Cash	\$ 42 156	\$ -
Fixed Assets:		
Buildings	-	101 000
Fire trucks and equipment	-	258 418
TOTAL ASSETS	<u>\$ 42 156</u>	<u>\$ 359 418</u>
FUND EQUITY:		
Investment in general		
fixed assets	\$ -	\$ 359 418
Fund balance	<u>42 156</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 42 156</u>	<u>\$ 359 418</u>

See accompanying notes to financial statements.

TRI-TOWNSHIP FIRE DEPARTMENT  
STATEMENT OF CASH RECEIPTS  
DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS  
FOR THE YEAR ENDED MARCH 31, 2005

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CASH RECEIPTS:

Current Property taxes - Operating	\$ 24 258
Delinquent Property taxes and CFR	2 138
Reimbursements and miscellaneous	5 890
Grants	2 118
Interest	288
Restitution	<u>2 580</u>

TOTAL CASH RECEIPTS

37 272

CASH DISBURSEMENTS:

Public safety	20 823
Capital outlay	<u>1 311</u>

TOTAL CASH DISBURSEMENTS

22 134

EXCESS OF CASH RECEIPTS OVER (UNDER)  
DISBURSEMENTS

\$ 15 138

FUND BALANCE, April 1, 2004

27 018

FUND BALANCE, March 31, 2005

\$ 42 156

See accompanying notes to financial statements.

TRI-TOWNSHIP FIRE DEPARTMENT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
FOR THE YEAR ENDED MARCH 31, 2005

	Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
CASH RECEIPTS:			
Property taxes and C.F.R.	\$ 26 396	\$ 24 600	\$ 1 796
Reimbursements and misc.	5 890	1 250	4 640
Grants	2 118	500	1 618
Interest	288	100	188
Restitution	2 580	3 240	( 660)
TOTAL RECEIPTS	<u>37 272</u>	<u>29 690</u>	<u>7 582</u>
CASH DISBURSEMENTS:			
Public safety	20 823	24 734	3 911
Capital outlay	1 311	1 716	405
TOTAL DISBURSEMENTS	<u>22 134</u>	<u>26 450</u>	<u>4 316</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 15 138	\$ 3 240	\$ 11 898
FUND BALANCE, April 1, 2004	<u>27 018</u>	<u>27 018</u>	<u>-</u>
FUND BALANCE, March 31, 2005	<u>\$ 42 156</u>	<u>\$ 30 258</u>	<u>\$ 11 898</u>



TRI-TOWNSHIP FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

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NOTE A - DESCRIPTION OF FIRE DEPARTMENT OPERATIONS AND FUND TYPES

The Tri-Township Fire Department is located in Delta County and provides fire protection services to Maple Ridge Township, Turin Township and Ewing Township. The Tri-Township Fire Department was organized in 1977 in accordance with Public Act 33 of 1951. The Tri-Township Fire Department is governed by a 7 member board consisting of 2 members from each township and one Treasurer.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity," these financial statements present the Fire Department. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the Tri-Township Fire Department.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts of the Tri-Township Fire Department are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

GOVERNMENTAL FUNDS

Operating Fund

The Operating Fund is the general operating fund of the Tri-Township Fire Department. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from township tax contributions for the administration and operation of the Fire Department. The fund includes the general operating expenditures of the Fire Department.

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group presents the fixed assets of the local unit utilized in its general operations.

TRI-TOWNSHIP FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental Funds

The governmental fund types use a financial resources measurement focus and are accounted for using the cash basis of accounting. Under the cash basis of accounting, revenues are recorded when received, expenditures are recorded when paid. The accounting policies of the Tri-Township Fire Department do not conform to generally accepted accounting principles as applicable to governmental units, which should be recorded on a modified accrual basis of accounting.

Budgets and Budgetary Accounting

The annual budget is prepared by the secretary/treasurer and adopted by the board of directors at the annual public hearing. The board of directors approves all subsequent amendments to the budget. The general operating fund is under formal budgetary control on a line item basis. The budget has been prepared on cash basis, which is not in accordance with generally accepted accounting principles, but is consistent with the basis of accounting reported in the financial statements. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

NOTE C - BALANCE SHEET CASH AND INVESTMENTS

Michigan Complied Laws, Section 129.91 as amended by Public Act 196 of 1997, authorized the treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of the United States banks; commercial paper rated

TRI-TOWNSHIP FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

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NOTE C - BALANCE SHEET CASH AND INVESTMENTS (Continued)

by two standard rating agencies within the two highest classifications, which matures not more than 270 days after the date of purchase; and obligations of the State of Michigan or its political subdivisions which are rated investment grade; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Tri-Township Fire Department's deposits are in accordance with statutory authority.

Deposits are carried at cost. Deposits of the Fire Department are at one bank in the name of Tri-Township Fire Department. The Fire Department has adopted an investment policy in accordance with PA 196 of 1997, which covers.

Total Deposits and investments and the Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for deposits, are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 42 156
Uninsured	-
Total Deposits	\$ 42 156

NOTE D - RISK MANAGEMENT

The Tri-Township Fire Department is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Fire Department has purchased commercial insurance coverage through various policies for general liability, property, vehicle and workmen's compensation. There were no reductions in the current year.

NOTE E - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL - GENERAL FUND

The above supplemental statement is not required in these statements because the combined statements on page 6 is detailed to the required revenue and activity level as shown in the Uniform Accounting Procedures Manual for Local Units of Government in Michigan.

NOTE F - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

TRI-TOWNSHIP FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

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NOTE F - CHANGES IN GENERAL FIXED ASSETS (Continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures, renewals and betterments are capitalized.

A summary of changes in general fixed assets follows:

	Balance <u>April 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2005</u>
Buildings	\$ 101 000	\$ -	\$ -	\$ 101 000
Equipment	<u>257 107</u>	<u>1 311</u>	<u>-</u>	<u>258 418</u>
	<u>\$ 358 107</u>	<u>\$ 1 311</u>	<u>\$ -</u>	<u>\$ 359 418</u>

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October 18, 2005

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
"GOVERNMENT AUDITING STANDARDS"

Name of Township  
Address  
City, State

I have audited the general purpose financial statements of the Tri-Township Fire Department as of and for the year ended March 31, 2005, and have issued my report thereon dated October 18, 2005. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tri-Township Fire Department's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

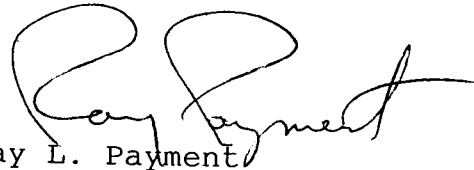
Internal Control Over Financial Reporting

In planning and performing my audit I considered Tri-Township Fire Department's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

October 18, 2005

to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Fire Department Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ray L. Payment". The signature is fluid and cursive, with a large initial "R" and "P".

Ray L. Payment  
Certified Public Accountant